

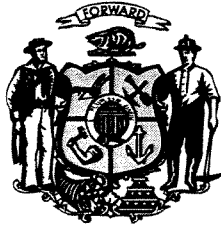
VII. Department of Workforce Development – June Suhling, Division Administrator,
Division of Workforce Excellence.

The department requests the transfer of \$1,000,000 of federal Temporary Assistance for Needy Families (TANF) funds in 1997-98 and \$2,000,000 TANF in 1998-99 from the Committee's appropriation under s. 20.865(4)(m) to the Department of Workforce Development's appropriation under s. 20.445(3)(md) for transportation support services.

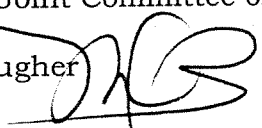
Governor's Recommendation

Approve the request.

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



VII
Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864

Date: December 18, 1997
To: Members, Joint Committee on Finance
From: Mark D. Bugher
Secretary 
Subject: S. 13.10 Request from the Department of Workforce Development for Release of Transportation Funds

Request

The department requests the transfer of \$1,000,000 of federal Temporary Assistance for Needy Families (TANF) funds in 1997-98 and \$2,000,000 TANF in 1998-99 from the Committee's appropriation under s. 20.865 (4)(m) to the Department of Workforce Development's appropriation under s. 20.445(3) (md) for transportation support services.

Background

Under 1995 Act 289, the Department of Workforce Development (DWD) and the Department of Transportation (DOT) were required to submit a report to the Joint Committee on Finance (JCF) that recommends actions that Wisconsin Works (W-2) agencies can take to facilitate the transportation of W-2 participants to employment opportunities. This report was submitted to JCF members on September 15, 1997.

In the Governor's 1997-99 biennial budget, \$3 million TANF was designated to support additional transportation services in recognition of the fact that the lack of adequate and affordable transportation can be a barrier to work for W-2 participants. DWD established an employment transportation committee, made up of staff from DWD, DOT, Pierce and Fond du Lac counties, Private Industry Councils, private employers and Native American Tribal Council representatives, to make recommendations on how this transportation funding should be used.

Because the DWD/DOT report was not complete at the time that it worked on the biennial budget, JCF placed the \$3 million TANF in reserve. The funds were to be released after the Committee had an opportunity to review the DWD/DOT report and when DWD submitted an expenditure plan for the additional TANF funding.

The employment transportation committee formed by DWD established guidelines for disbursing the additional transportation funding to W-2 agencies around the

state. In general, except for \$100,000 per year reserved to expand the Milwaukee Job Ride program, the funds will be distributed based on "need" as demonstrated by the agencies through a request for grant proposal process.

On November 6, 1997, W-2 agencies received application materials, including instructions and guidelines. The applications are due by December 18, 1997. DWD intends to make grant awards by January 23rd and to have contracts in place by January 30th. The grant contract period will run through December 31, 1999 to be consistent with the W-2 contracts.

Analysis

In general, each W-2 agency is eligible to apply for the employment transportation funds. In Milwaukee County, the six-area W-2 agencies have designated the Milwaukee County Private Industry Council as the lead agency for purposes of applying for these funds. W-2 agencies can seek support for transportation services that serve W-2-eligible and Food Stamp Employment and Training-eligible individuals whose income is at or below 165% of the federal poverty line. This is consistent with eligibility criteria for child care assistance.

By using this broader definition, W-2 agencies will be able to divert people from needing the more costly, subsidized employment components of W-2 and will be able to help people who, without some form of transportation assistance, may not be able to retain their existing jobs. If this broad definition of eligible participants results in greater demand than the funding available, W-2 agencies will need to prioritize their funding to help those most in need. In addition, DWD will need to review the eligibility criteria and the overall level of transportation funding in its next biennial budget request.

In its guidance to the W-2 agencies, DWD set a minimum allocation of \$10,000. Agencies can, of course, request additional funds. The proposals must also demonstrate a quantifiable need as well as current resources for transportation support. Among other factors, DWD, in evaluating the proposals, will reward collaboration and planning between local partners, coordination with existing services and the ability to translate identified transportation needs into an action plan.

DWD will also take into account the level of "ancillary benefits" in each W-2 contract. In general, the funding covered by the W-2 contracts can be split in three categories: cash benefits, W-2 office/administration and ancillary benefits. Ancillary benefits are additional services, such as transportation, job coaches, education and training or AODA services not covered by Medical Assistance, that a W-2 agency can provide to a client to support their participation in a W-2 subsidized employment position (trial job, community service job or W-2 transition).

Each W-2 agency, therefore, already has some resources available to meet the transportation needs of its caseload. In addition, however, some W-2 agencies are now working with a caseload that is significantly smaller than the caseload assumed in the 1997-99 biennial budget. In these cases, the agencies have a greater ability to reallocate additional resources to support innovative transportation solutions. The DWD evaluation team will use this information to prioritize the funding requests.

Finally, DWD's application materials indicate agencies should use their ancillary benefits for individual trips (vouchers, bus passes, etc.) and that the new transportation funds should be used to support capacity building and/or group transportation solutions, such as expanded transit service (routes/hours), shared taxi service expansion, capital investments (van pool vehicles), etc.

In summary, the department has developed a process that is both equitable between W-2 agencies and is based on "need". It appropriately places emphasis on local planning and collaboration and on the use of existing services and resources. By releasing the funds at this s.13.10 meeting, the grant award process can continue as outlined with additional transportation funding reaching W-2 agencies and participants early next year.

Recommendation

Approve the request for the release of transportation funding.

Prepared by: Jennifer A. Sajna
266-8219

Tommy G. Thompson
Governor

Linda Stewart
Secretary



State of Wisconsin

Department of Workforce Development

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November 20, 1997

The Honorable Brian Burke
Senate Chair, Joint Committee on Finance
100 North Hamilton Street, Room 302
Madison, WI 53702

The Honorable John Gard
Assembly Chair, Joint Committee on Finance
315 North State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

The Department of Workforce Development requests approval of the Joint Committee on Finance under s. 13.10 to transfer \$1,000,000 PRF in 1997-98 and \$2,000,000 PRF in 1998-99 from the Committee's appropriation under s. 20.865(4)(m) to DWD's appropriation under s. 20.445(3)(md) for implementation of the Temporary Assistance for Needy Families (TANF) Employment Transportation Grant program.

1997 Wisconsin Act 27 provided funding of \$1,000,000 PRF in 1997-98 and \$2,000,000 PRF in 1998-99 from the TANF block grant for transportation assistance to low-income individuals. However, the funding was placed in the JFC's program supplements appropriation pending the Department's release of its report on transportation required under 1995 Wisconsin Act 289. This report was sent to the Legislature on September 15, 1997.

The report included findings that transportation barriers are multi-faceted, and vary widely across the state. Multiple strategies that require local flexibility and creativity will be needed to respond to the increased transportation demands of W-2. Many of the recommendations outlined in the report involve administrative steps which are underway in the department and within the W-2 agencies and will require additional resources. The Employment Transportation Grant program will help to meet these resource needs.

On November 6, 1997, the Department issued transportation grant proposal application instructions to W-2 agency directors and local collaborative planning team lead facilitators. In accordance with the Governor's proposal concerning the use of TANF funds for employment transportation assistance, \$200,000 will be used to expand the Job Ride program services to the TANF eligible population in Milwaukee. The remaining amount will be allocated to W-2 agencies based on their demonstrable need and plan for the use of the funds, with a minimum of \$10,000 awarded to eligible agencies.




The Honorable Brian Burke
The Honorable John Gard
November 20, 1997
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In their applications for employment transportation grant funding, W-2 agencies will be required to submit a needs assessment, description of existing services, and an analysis that describes the service gap between existing services and transportation needs. The W-2 agencies will also be required to provide an action plan with projected outcomes and identify steps taken to involve employers and employer groups. A description of how the W-2 agency will coordinate their plan with local partner agencies is also required in their application.

The submission deadline for applications is December 18, 1997. Pending favorable action by the Joint Committee on Finance of this request, it is expected that grant awards will be announced January 23, 1998. The availability of the awarded funds will extend through December 31, 1999 to coincide with the end date of the current W-2 agency implementation contracts.

Ms. June Suhling, Administrator for the Division of Workforce Excellence, will represent the Department at the s. 13.10 meeting.

Sincerely,



Linda Stewart
Secretary

VIII. Department of Workforce Development -- Jean Rogers, Division Administrator,
Division of Economic Support

The department requests the transfer of \$5,231,800 GPR in 1997-98 from the Committee's appropriation under s. 20.865(4)(a) to the department's s. 20.445(3)(a) appropriation for the operation of the Kids Information Data System (KIDS).

Governor's Recommendation

Approve the request.



Date: December 18, 1997

To: Members, Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration

Subject: S. 13.10 Request from the Department of Workforce Development for
Release of Kids Information Data Systems Funds

Request

The department requests the transfer of \$5,231,800 GPR in 1997-98 from the Committee's appropriation under s. 20.865(4)(a) to the department's s. 20.445(3)(a) appropriation for operation of the Kids Information Data System (KIDS).

Background

The responsibility for KIDS, an automated, statewide child support information system, transferred from the Department of Health and Social Services (DHSS) to the Department of Workforce Development (DWD), effective July 1, 1996.

Federal legislation (Public Law 104-35) extended the original deadline for the completion of all automated child support systems from October 1, 1995 to October 1, 1997. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) extended the time within which states were eligible to receive enhanced federal match for the system development costs. The KIDS system received a conditional Level II certification from the federal government on September 19, 1997. In order to receive final certification, DWD is required to make several technical modifications to the KIDS system within one year. DWD staff have indicated that this is feasible.

PRWORA also contained significant changes in federal child support law. States are required to implement a variety of child support enforcement procedures or programs aimed at collecting more child support from noncustodial parents, especially those that owe past-due support. The major federal provisions that will impact the KIDS system are centralized receipt and disbursement of child support payments, a state directory of new hires, financial institution data matches and direct child support pass-through to Wisconsin Works (W-2) clients. In addition, KIDS will need to be able to support the collection and use of social security

numbers, modified distributions of child support payments and arrearages, paternity establishment, data exchanges, interstate enforcement, and the denial and suspension of drivers', professional, occupation and recreational licenses.

Unless a state, like Wisconsin, needs to pass state legislation before it is able to comply with the new requirements, most of the required changes were effective October 1, 1996. Wisconsin has until April 1998 to pass legislation to comply with PRWORA requirements. Except for language on centralized receipt and disbursement, direct child support pass through and the state directory of new hires, most of the statutory language needed to meet the federal mandates was pulled from the Governor's budget. These items have been submitted as separate legislation to be addressed in the January legislative session.

During the 1997-99 biennial budget process, the Joint Committee on Finance (JCF) approved most of the funding recommended in the Governor's biennial budget for KIDS, but placed half of the GPR in FY98 (\$5,570,300) and all of the GPR in FY99 (\$11,055,900) in its supplemental appropriation under s. 20.865(4)(a). This action was taken to allow JCF to review the pending Legislative Audit Bureau's report on the KIDS system, to review additional information regarding mainframe costs and DWD's progress in completing welfare reform changes. At the time of this analysis, the LAB audit has not yet been released. It is unclear if the audit will be available prior to the December s. 13.10 meeting or not. However, because the GPR reserved in the JCF appropriation represents 6 months of KIDS funding, it is critical that some level of funding be released regardless of the timing of the LAB audit.

Analysis

The following table shows the budget proposed (and modified by JCF action) in the 1997-99 biennial budget compared to the most recent department projections of spending related to KIDS. The table includes all funds numbers, with the GPR impact summarized at the bottom.

Cost Components	Original Act 27 FY98 Budget	Revised FY98 Budget	Difference
Contractor System Maintenance	5,906,700	5,906,600	(100)
W2/Welfare Reform Change Orders	3,800,000	6,344,800	2,544,800
Other System Modification	258,000	258,000	0
DWD Staff-BITS	2,291,200	2,217,700	(73,500)
DWD Network Support	822,600	1,056,900	234,300
Maintenance	43,300	43,300	0
Capital/Installation/Infrastructure	370,400	750,000	379,600
1-800 #, Help Desk and AVR	602,900	480,000	(122,900)

Cost Components	Original Act 27 FY98 Budget	Revised FY98 Budget	Difference
IT Main Frame	10,652,000	10,652,000	0
IT E-mail & EMX	100,000	26,000	(74,000)
Telecommunications	1,263,100	924,500	(338,600)
Centralized Mailing	3,306,200	1,908,300	(1,397,900)
Credit Bureau Reports	50,000	50,000	0
General S&S	2,123,100	2,126,000	2,900

Total KIDS	31,589,500	32,744,100	1,154,600
GPR Component	<u>11,140,600</u>		
GPR Base for KIDS	5,570,300		
JCF Funding Requested	<u>5,231,800</u>		
Difference	338,500		

The major change from the original budget is a higher estimate of the funding needed to implement the PRWORA changes. Originally, DWD planned to spend \$11.5 million over a three-year period (FY97-99) on welfare reform changes to the KIDS system; \$5 million in FY97, \$3.8 million in FY98, and \$2.7 million in FY99. Because of a delayed start and competing priorities, DWD was unable to start most of the change order work planned for FY97. As a result, more change order work will need to be completed in FY98 than originally anticipated. If the FY99 proposed change order budget remains constant at \$2.7 million, DWD will actually spend only \$8.9 mn in total system change orders over the three-year period.

Of the \$6.6 million requested for FY98, \$1.6 mn is needed to implement the new hire system, which should be operational as of January 1, 1998. DWD also will contract with the current KIDS vendor, IBM Global, for \$1.9 million of enhancements specifically related to PRWORA requirements. In addition, DWD will use \$1.4 million for outside vendors to perform system and user testing of the KIDS modifications, data clean-up and analysis of the data links with other agencies. An additional \$1.4 million will be used to provide on-site support and training to local county child support agencies. DWD has found that this up-front spending for training and local support is both programmatically and fiscally a worthwhile investment. Finally, \$300,000 is budgeted for the CARES vendor to modify the KIDS/CARES interface as KIDS modifications are made. Of the change order projects, neither the new hire system nor on-site support will be funded with the enhanced welfare reform funds as originally budgeted. Based on upon further review and communications with the federal government, it appears most likely that the federal government will only reimburse these costs at the traditional child support match: 34% GPR and 66% federal child support.

Another modification in the KIDS budget is an increase in the amount that the Bureau of Information Technology Services will charge the Division of Economic Support. The primary reason for the increase is that all of the local child support agencies now have access to the DWD network, thereby increasing the technical support and help desk requests. This was not anticipated when DWD put its original budget together in the summer of 1996.

The KIDS budget also needs to be modified to incorporate lower than projected Department of Administration (DOA) Infotech billings. Based on four months of data, it appears that the largest cost, IT mainframe expenditures, will not need to be adjusted. Mainframe usage for the KIDS system has been somewhat unpredictable, however, and both departments will need to monitor it closely over the next several months.

While total expenditures do not need to be adjusted, the split between GPR and FED does. It appears that there are fewer cases that are non-IV-D eligible than originally assumed. Non-IV-D eligible means that the person has not applied for county child support enforcement services (Section IV-D under the Social Security Act). Because the federal government does not pick up any portion of the costs related to non-IV-D cases, the state must use 100% GPR in paying for such expenditures. With fewer of these cases, less GPR is needed. Overall expenditures are not projected to decrease, however, indicating that IV-D cases have increased slightly.

The costs for several other DOA services, such as DOA router purchase, e-mail and telecommunication charges, are projected to decrease based on updated information or actual year-to-date usage or billings.

Finally, DWD is requesting to increase KIDS capital costs from \$370,400 to \$750,000. This is consistent with Act 27, under which the department was directed to use existing KIDS resources to purchase KIDS computers for child support agencies in preparation for centralized receipt and disbursement. DWD has used some of the enhanced welfare reform funds to offset the GPR impact of this increase. The increase is also offset by a significant decrease in the projected centralized mailing costs. The department now projects that this will cost only \$1.9 million instead of \$3.3 million, a \$1.4 million reduction. DWD has based this revised estimate on year-to-date billings. It appears that the original budget estimate was flawed.

In summary, DWD has submitted a revised budget for the KIDS system that is based primarily on updated information and actual year-to-date usage. The request will leave \$338,500 GPR in the JCF appropriation, which will carry over into FY99. Given the uncertainty of the change order costs, it may be needed to supplement the FY99 KIDS budget.

Members, Joint Committee on Finance
December 18, 1997
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Recommendation

Approve the request.

Prepared by:

Jennifer A. Sajna
266-8219

Tommy G. Thompson
Governor

Linda Stewart
Secretary



State of Wisconsin

Department of Workforce Development

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November 20, 1997

The Honorable Brian Burke
Senate Chair, Joint Committee on Finance
119 Martin Luther King Jr. Boulevard, Lower Level 1
Madison, WI 53702

The Honorable John Gard
Assembly Chair, Joint Committee on Finance
315 North State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

The Department of Workforce Development requests approval of the Joint Committee on Finance under s. 13.10 to transfer \$5,231,800 in 1997-98 from the Committee's appropriation under s. 20.865(4)(a) to DWD's appropriation under s. 20.445(3)(a) for the operation of the Kids Information Data System (KIDS).

1997 Wisconsin Act 27 provided funding of \$31,589,500 (\$11,140,600 GPR) in 1997-98 and \$30,547,200 (\$11,055,900 GPR) in 1998-99 for the development and operation of KIDS. However, the Joint Committee on Finance placed one half of the GPR (\$5,570,300) for 1997-98 and all of the GPR for 1998-99 (\$11,055,900) in the Committee's appropriation. The Committee directed the Department to request release of the funds under s. 13.10 after the review of the system is completed by the Legislative Audit Bureau and additional information became available regarding mainframe charges and DWD's progress in completing welfare reform change orders.

The LAB's review of the KIDS system has not been completed and the Department has not received approval of the amount of federal funding it can expect to receive at the enhanced 80% match rate. As a result of these two items, the Department is only requesting funding for the operation of KIDS through the end of 1997-98. Both the LAB review and federal approval of the amount of enhanced federal funding should be completed prior to June 30, 1998, so we will present the 1998-99 KIDS expenditure plan at the last s. 13.10 meeting prior to the end of 1997-98.

The passage of the Parental Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 at the national level will result in significant changes to the child support program and thus to KIDS. The federal government has authorized enhanced funding at an 80% match rate for some of these systems changes, but the funding amount is fixed at \$400



million through September 2001. The allocation of these funds will be based on the size of the child support caseload in a state and the level of automation needed to meet these requirements. This request budgets the change orders to KIDS required as a result of the PRWORA at the 80% federal match rate, as well as contractor costs for testing and on-site implementation of the changes to KIDS.

The current estimate is that the Department will require total funding of \$32,744,100 (\$10,802,100 GPR) for the operation of and further modifications to KIDS in 1997-98. The main difference in this amount and the \$31,589,500 figure approved in the biennial budget is the costs of developing and implementing the changes required by PRWORA. Total funding for these changes, including centralized receipt and disbursement and new hire reporting, is estimated to be \$6,602,800 in 1997-98, an increase of \$2,544,800 (\$933,100 GPR) from the amount previously budgeted. This amount reflects the Department's commitment to provide sufficient resources at the local level to fully train and support local child support agencies as they implement the required changes.

The Department projects a slight increase of \$160,700 (\$31,400 GPR) in Bureau of Information Technology Services (BITS) costs for KIDS. The increase is mainly due to an increase in costs of supporting the DWD network for local child support agencies that have access to the system. This is offset to some extent by a delay in hiring staff to support BITS activities related to PRWORA.

DOA Infotech costs are also projected to decrease by \$532,600 from the amounts previously budgeted. While IT mainframe costs are projected to be at the level approved in the budget, the Department projects costs for the DOA router purchase, 800 numbers, E-Mail services and telecommunications to decline. Non-IV-D cases are not currently eligible for federal IV-D funding so the Department must pay the full cost of processing these case with GPR; however the Department estimates that the Infotech charges for non-IV-D cases will be approximately \$500,000 in 1997-98, or \$800,000 below the amount originally budgeted. As a result, although total Infotech costs are projected to decline by \$532,600, GPR costs are projected to decrease by \$851,700.

Supplies and services costs not listed under the contracts line are projected to decline by \$1,018,300 (\$451,200 GPR). This is due to a projected decrease in DES mailing costs of \$1,397,900 (\$475,300 GPR), partly offset by an increase in capital costs of \$379,600 (\$24,100 GPR). Act 27 directed the Department to provide \$750,000 (\$150,000 GPR) for the purchase of KIDS equipment for child support agencies in preparation for centralized receipt and disbursement. The budget originally had \$370,400 budgeted at a 34% match rate. It is unknown at this time if these purchases will be eligible for enhanced federal match.

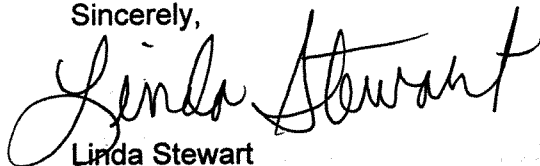
Attached is a chart detailing this s. 13.10 request. Providing the \$5,231,800 GPR funding requested in 1997-98 will result in a balance in the JFC appropriation of \$338,500 in 1997-98 and the full amount of \$11,055,900 GPR in 1998-99. Given the uncertainty in estimating the

The Honorable Brian Burke
The Honorable John Gard
November 20, 1997
Page 3

costs of large systems development and operation, we respectfully request that the funding remaining in the Committee's appropriation in 1997-98 for KIDS not be committed for any other purposes.

Ms. Jean Rogers, Administrator for the Division of Economic Support, will represent the Department at the s. 13.10 meeting.

Sincerely,

A handwritten signature in cursive script that reads "Linda Stewart". The signature is written in dark ink and is positioned above the printed name and title.

Linda Stewart
Secretary

**KIDS BUDGET
SFY 98**

	Total	GPR	FED
BITS			
Staff-BITS	1,508,900	513,000	995,900
Staff - Welfare Reform-BITS	653,900	130,800	523,100
Contract Staff	54,900	18,700	36,200
Network Support - FTE	237,700	80,800	156,900
Network Support/Apps/DB Servers -Fixed	819,200	278,500	540,700
	\$3,274,600	\$1,021,800	\$2,252,800
Contracts			
Transitional Systems Maint.-IBM	5,906,600	2,008,200	3,898,400
PRWORA Requirements-IBM	3,315,400	663,100	2,652,300
Other Contracts	1,440,600	489,800	950,800
New Hire	1,588,800	540,200	1,048,600
D&T Programming/KIDS modifications	258,000	87,700	170,300
	\$12,509,400	\$3,789,000	\$8,720,400
Infotech			
IT Main Frame	10,652,000	3,951,700	6,700,300
DOA Router Pro-rate	189,100	64,300	124,800
1-800 numbers	480,000	163,200	316,800
IT E-Mail	26,000	8,800	17,200
Telecommunications	735,400	250,000	485,400
	\$12,082,500	\$4,438,000	\$7,644,500
S&S			
Capital/Installation/infrastructure upgrades	750,000	150,000	600,000
Maintenance	43,300	14,700	28,600
Centralized Mailing	1,908,300	648,800	1,259,500
Credit Bureau Reports	50,000	17,000	33,000
General S&S	2,126,000	722,800	1,403,200
	\$4,877,600	\$1,553,300	\$3,324,300
Total KIDS	\$32,744,100	\$10,802,100	\$21,942,000
Base Funding	\$31,589,500	\$5,570,300	\$20,448,900
SFY 98 Request	\$1,154,600	\$5,231,800	\$1,493,100
JFC Funding:			
Beginning Balance		\$5,570,300	
s. 13.10 Request		(\$5,231,800)	
Balance in JFC Appropriation		\$338,500	